



## MOTOR VEHICLE ADVISORY BULLETIN

### Documentary Fee

During the 81st legislative session, the Texas Legislature passed a new law (HB 3621) concerning the maximum amount of a documentary fee. The law becomes effective September 1, 2009. If a retail seller chooses to increase the maximum amount of a documentary fee that may be charged, the seller must provide written notice to the commissioner regarding the maximum amount it will charge for a documentary fee. The fee must be reasonable and negotiable, meaning both the buyer and the seller must agree on the amount. This advisory bulletin does not apply to heavy commercial vehicles prior to September 1, 2009 or to commercial vehicles after September 1, 2009. The following points are intended to provide guidance to retail sellers in complying with this new law.

#### BEFORE SEPTEMBER 1, 2009

**On a retail installment contract, a retail seller may not charge a documentary fee over \$50.**

#### AFTER SEPTEMBER 1, 2009

##### **If Seller Does NOT Change or Decrease Documentary Fee**

- A retail seller who does not increase its maximum documentary fee to an amount over \$50 is not required to file a notice under the new law.
- The new law requires a change in the documentary fee notice on the contracts. A retail seller who does not increase its maximum documentary fee will have until August 31, 2010 to exhaust its existing supply of forms using the old documentary fee notice. By September 1, 2010, the seller must obtain new forms with the updated notice.

##### **If Seller Intends to Increase Documentary Fee**

- A retail seller who intends to increase its maximum documentary fee to an amount over \$50 must provide written notice to the commissioner before increasing the documentary fee amount. An electronic form and submission instructions will be available on the agency website ([www.occ.state.tx.us](http://www.occ.state.tx.us)) on or about August 1, 2009. The submission form for increasing the documentary fee must be submitted electronically. A nominal filing fee may be imposed with the submission.
- After the retail seller provides written notice of the maximum documentary fee it intends to charge, the retail seller may begin charging that amount, as long as the retail seller provides the updated documentary fee disclosure on its contracts and posts the updated documentary fee disclosure on a sign so that it is clearly visible in each place where a vehicle sale is finalized.
- The commissioner may review the amount of a documentary fee for reasonableness. The commissioner may request additional information to support the filed increase in order to determine the reasonableness of the fee. If the commissioner determines that a documentary fee is not reasonable, the commissioner may require that the documentary fee be reduced or suspended.